



Commonwealth of Massachusetts



ECONOMIC DEVELOPMENT SUMMIT

Choosing to Compete in the 21st Century

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WELCOME BY GREG BIALECKI



Ideas, innovation and industry have always propelled Massachusetts forward—what we do here impacts the world.

We believe that it is no accident that Massachusetts has recovered from the Great Recession stronger and faster than most of the country. The increased collaboration among government, business and academia as well as improved coordination among multiple economic development agencies has been integral to our success. Since 2007, we have deliberately and consistently planned ahead for job and housing growth across the Commonwealth and these efforts have paid off.

I am pleased to report that Massachusetts has seen significant progress in all categories required for sustainable economic development.

Economic Growth —The Massachusetts economy grew at about twice the U.S. rate for 2007-2013, and it appears to be heading in a similar direction for 2014.

Population Growth — The U.S. Census reports that Massachusetts’ population increased .72% from July 1, 2012 to July 1, 2013, the same rate of growth as the nation as a whole. The last time we matched the country's population growth was 1980.

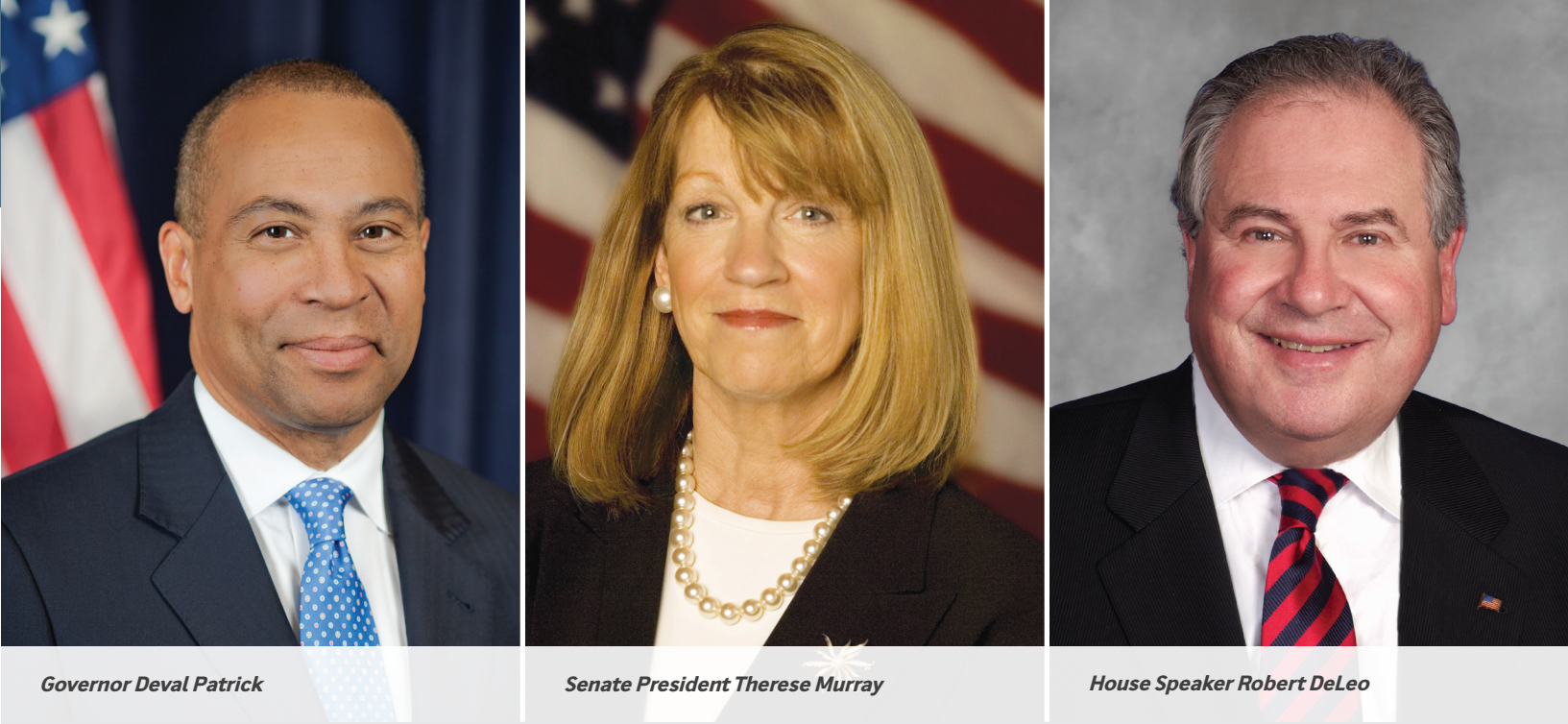
Job Growth — By January 2013, Massachusetts was the seventh state to regain its pre-recession job peak; outpacing most other states and the country as a whole. In 2013, Massachusetts added over 55,000 jobs, growing by more than one percent over the previous year. It was the most jobs added since 2000.

Housing Growth — Total housing starts in Massachusetts in 2013 are twice the number of starts in 2011—14,538 versus 7,260. Total multi-family starts in 2013 are nearly three times those for 2011—7,601 versus 2,752. This represents the strongest year since 2007 for total starts, and the strongest since 2006 for multi-family starts.

Massachusetts is now poised for significant growth in the years ahead. Our economic development plan, *Choosing to Compete in the 21st Century*, provides the framework for sustained progress through collaboration and strategic planning. Working together, we can create a more competitive Massachusetts economy for generations to come.

Sincerely,

Greg Bialecki
Secretary
Executive Office of Housing & Economic Development



About Choosing to Compete in the 21st Century

In 2010, the Massachusetts Legislature directed Governor Deval Patrick to create an economic development plan for the Commonwealth. This directive resulted in *Choosing to Compete in the 21st Century*. Created by a planning council comprised of 34 public and private figures, the plan builds on Governor Patrick’s core strategy of long-term investments in education, innovation and infrastructure.

Choosing to Compete in the 21st Century is now the state’s central organizing framework for its economic development activities. This comprehensive strategy focuses on five broad categories for action, along with 55 specific action steps. Both public and private stakeholders have aligned their economic development efforts and initiatives toward achieving the action steps detailed in the plan.

Find out more about *Choosing to Compete in the 21st Century*, including regular updates, by visiting mass.gov/compete.

“Massachusetts gained more than 55,000 jobs in 2013, compared to 49,000 in 2012 and 43,000 in 2011. It was the best year for job growth since 2000.” - *Boston Globe, January 24, 2014*

Intellectual capital is one of Massachusetts’ best assets: our college-educated talent pool drives the innovation economy and also spreads our reputation to all corners of the world. We are working to become equally renowned for our “middle skills” talent. We are establishing clearly defined career pathways through collaborative regional partnerships of employers, educators, workforce development officials and economic development officials. This approach will help ensure that every Massachusetts resident has the opportunity to get a good job and make a good living, while also supplying companies with the skilled workforce they need to grow.

Advanced Manufacturing Regional Partnerships

“That industry [manufacturing] is a prime focus of the Consortium, which wants to close the gap between the available manufacturing jobs and the lack of trained workers... The work of the Northeast Advanced Manufacturing Consortium should be encouraged and expanded.” - *Lowell Sun Editorial, March 12, 2014*

In every region of the Commonwealth, there are active advanced manufacturing partnerships, collaborations of employers, community colleges, vocational schools and workforce boards helping to train and place hundreds of underemployed or unemployed residents in jobs and train hundreds of incumbent workers in new skills. These seven regional partnerships from the Berkshires to the South Coast are working with hundreds of employers to meet their workforce needs and fill jobs in demand.

The Precision Manufacturing Regional Alliance Project of Hampden County addresses the need to train hundreds of new and replacement workers in the next few years. To meet this demand, the state’s MassWorks program awarded Springfield Technical Community College \$1.2 million to expand its Mechanical Engineering Technology facility and add new hands-on training equipment for advanced manufacturing. The college more than doubled its enrollment from 40 students to 103 students, beginning in 2013–2014 academic year, and is hiring two new instructors for the program.

AMP it up! Educational Campaign

In the next decade, Massachusetts will have 100,000 advanced manufacturing job openings. These are not your old-fashioned manufacturing jobs: they create everything from smart phones and wind turbines to racing bikes and life-saving drugs. “AMP it up!” (Advanced Manufacturing Program) is a statewide marketing campaign that introduces high school and middle school students to the highly skilled, well-paying manufacturing jobs available in Massachusetts. AMP it up! has held over 30 events, reaching nearly 1,000 students and their adult influencers.

Building Career Pathways

The Massachusetts Advanced Polytechnic Pathway in Roxbury (RoxMAPP) between Madison Park High School and Roxbury Community College is a first-of-its-kind partnership between the Commonwealth and the City of Boston. RoxMAPP introduces students to high-demand careers including health care, information technology, building science, transportation and life sciences. At scale, up to 1,300 students will have multiple pathway options and will graduate with a high school diploma, skills certificate and credits toward a post-secondary degree.

The Community College Transformation Agenda enables our 15 community colleges to strengthen post-secondary certificate and degree programs with 146 newly designed programs with industry based training in health care, IT, advanced manufacturing and biotech. Condensed 8-week terms and programs offer stackable credentials, allowing many students to enter and exit quickly with the skills required for high demand jobs. Since fall 2012, 4,000 students have enrolled in these programs, and nearly 3,000 students have completed them. Five hundred fifty students have completed certificate programs and exited the programs into 400 jobs. Bunker Hill Community College, for example, is fast tracking students through stackable certification programs in information technology, connecting them to jobs in health information, networking and administration and security.

Massachusetts has built a broad consensus among public and private stakeholders that innovation and entrepreneurship are the key competitive strengths of the Commonwealth, not just in greater Boston but in every region of the state. Our innovation economy includes not only cutting-edge technology, life science and clean energy firms, but also advanced manufacturing and creative economy businesses. Our success developing tangible partnerships with industry and academia strengthens our innovation economy while making us a more collaborative and engaged innovation community. Due to our universities, medical centers and research institutions, Massachusetts remains an international destination for investment, entrepreneurial startups and venture capital.

With these assets, Massachusetts is poised to double the size of its innovation economy in the coming decade.

Internships

Our internship programs facilitate the flow of students into companies to help them integrate into our innovation economy. These programs help build the talent pipeline while helping businesses grow.

Massachusetts Life Sciences Center

The Center serves as a catalyst for growing talent in the life sciences field. The program created 1,400 internships at 380 companies; nearly 30% of the students were hired following their internships.

Massachusetts Technology Collaborative

MTC’s Intern Partnership provides matching grants to eligible tech companies. Last year, 77 interns were placed in 50 companies.

Massachusetts Clean Energy Center

MassCEC and the New England Clean Energy Council provide a talent pipeline for local clean energy companies. Of 914 applications, 184 students were placed in 110 companies.

Innovation Ecosystems

“Efforts like Valley Venture Mentors can be a catalyst for economic development. Programs for startups can help them become sound and productive small businesses.” - *Daily Hampshire Gazette Editorial, March 13, 2014*

Our successful innovation clusters have spawned a new generation of incubators, accelerators and maker spaces to support tech startups. The 19 incubators and accelerators across the state provide a centralized source of expertise and resources for new entrepreneurs and startups.

For example, MassChallenge, which started in Boston in 2010, is now the world’s largest startup accelerator, supporting 489 new startups, creating more than 3,900 jobs and raising \$472 million in outside funding.

Mass Digital Games Institute, housed at Becker College in Worcester, creates economic development across the state’s digital and video games industries, a \$2 billion industry that employs 4,000 people.

Valley Ventures Mentors in Springfield connects people with ideas for startup businesses with experienced people who have already started companies. Founded in 2012, it has served over 30 entrepreneurs by providing business mentors across Massachusetts.

Merrimack Valley Sandbox in Lowell and Lawrence gives entrepreneurs the tools to succeed through workshops, pitch contents and accelerator programs. It emphasizes “Entrepreneurship for All” that includes startup ventures beyond high tech.

Growth to Scale

“Massachusetts venture capital firms are keeping more of their dealmaking closer to home. Local venture capitalists closed on 199 deals in the Boston area in 2013... that represented 45 percent of their total investments.” - *BetaBoston, March 11, 2014*

Increasingly, Massachusetts is becoming a place where young innovation companies are deciding to grow to scale here.

In 2013, ten Massachusetts-based companies filed initial public offerings. In just the first two months of 2014, six Massachusetts companies have already filed IPOs.

In 2013, 12 companies in the Fortune 500 were headquartered in Massachusetts, and 25 companies in the Fortune 1000. And Massachusetts has a growing number of companies with revenues between \$100 million and \$1 billion.

EMPOWERING REGIONS

“According to new U.S. Census Bureau estimates released this week, Massachusetts’ population grew by 0.72 percent between the summer of 2012 and the summer of 2013, outpacing every other state in New England. Massachusetts grew by 47,521 to a population of 6,692,824.” - *Boston Globe, January 1, 2014*

Our goal is to make sure that every region in the state is fully engaged in the Massachusetts economy and reaping the benefits of its innovation economy. We work with local municipal and regional leaders to ensure that they have the means to attract and encourage business investment and job creation, thereby facilitating regional growth in an integrated, sustainable way.

MassWorks

The MassWorks Infrastructure Program has successfully leveraged public investment to support private investment. In 2013, MassWorks awarded over \$79 million for 33 infrastructure grants to support housing, economic development and road safety in communities across the state. Here are examples of MassWorks public/private partnerships over the last several years.

Marlborough – Forest Park

This project is expected to generate \$320 million in private investment to support the redevelopment of the former Hewlett-Packard site in Marlborough. Supported by a \$1.65 million MassWorks award and \$1.37 million in city funding, Simarano Drive will improve pedestrian, bike and vehicle mobility throughout the site and support over one million square feet of development, which will include 574 new housing units, a hotel and offices.



Worcester – City Square

This redevelopment of 21 acres in downtown Worcester is reconnecting the city at the site of the former Worcester Outlet Mall. The \$565 million, multi-year, multi-phase project is supported by \$27.5 million from MassWorks. The project features over 2.2 million square feet of mixed-used space, including 350 housing units, 280,000 square feet of office space, pedestrian-friendly streetscapes and open space, all within walking distance of Union Station.

Somerville – Assembly Row

Assembly Row is a \$1.36 billion transit-oriented development on 56.2 acres of underutilized land. This public/private partnership includes 175,000 square feet of office space, 852,000 square feet of retail space, a hotel and 2,100 new residential units. The infrastructure for this project, including the new Orange Line Station, is supported by \$27.5 million from MassWorks. Projects currently underway include 449 housing units, retail shops and office space to accommodate 4,500 Partners HealthCare employees.



Chelsea - Everett Avenue Urban Renewal District

This gateway city has received over \$63 million in state awards, which have produced \$500 million of development and \$5 million in recurring new revenues in the last seven years. The \$6 million in MassWorks investments in the Everett Avenue Urban Renewal District supports the construction of 133,000 square feet of a supermarket, two hotels and 286 market-rate rental units. An additional hotel, 250,000 square feet of office space and 280 housing units are anticipated in the future. The growth in this area and other areas such as the Box District is supported by the upcoming \$82.5 million Silver Line extension.

Lawrence – Riverwalk Properties

When acquired by Lupoli Companies in 2003, the Riverwalk Properties, located on the Merrimack River, contained 35 businesses and 600 jobs. The MassWorks program supported the phased redevelopment and expansion of the property with a \$2.3 million award in 2009. Today, the site has grown to 2.3 million square feet of redeveloped space, with nearly 200 companies and 4,500 employees representing a \$200 million private investment.

Housing that Works

To fuel the innovation economy and build strong communities, Massachusetts has launched the Housing that Works initiative.

This initiative has a production goal of creating 10,000 multi-family housing units each year in cities and town centers, near transportation and work places. In 2013, Massachusetts produced 7,600 units, nearly three times as many as 2011, representing the strongest housing activity since 2006.

In November 2013, the Urban Land Institute awarded its prestigious Robert C. Larson Workforce Housing Public Policy Award to the Housing that Works initiative.



Metro North

Metro North is a consortium of ten communities: Charlestown, Chelsea, Everett, East Boston, Malden, Medford, Melrose, Revere, Somerville and Winthrop. Located within six miles of greater Boston’s innovation clusters, this new alliance maximizes regional strengths and opportunities. The goal is to support these communities as ideal places to live, work and play, and bring jobs, housing and growth while spurring regional development.

Empowering Regional Leaders

MassDevelopment coordinated ten economic development academies across the Commonwealth. The “Choosing to Collaborate” events brought together municipal, academic and regional leaders to share information on resources, tools and best practices for effective economic development.

Fifty two cities and towns have completed Northeastern University’s Economic Development Assessment Tool and 11 more are in the process. This practical tool helps cities and towns analyze the capacity for economic development.



Making it easy to do business in Massachusetts helps our existing companies grow here and attracts new national and international opportunities for job creation. By streamlining our permitting and regulatory environment and by strengthening our position in the global economy, we have created a more positive climate for business growth.

Permitting

The Massachusetts Permit Regulatory Office (MPRO) supports business expansion through prompt and predictable permitting. The 43D Program guarantees local permitting decisions on priority development sites within 180 days. To date, 86 municipalities have identified 179 priority development sites for expedited permitting.

Regulatory Reform

"Massachusetts Regulatory Reform is...a sweeping initiative by the Patrick Administration to make state government more responsive...Half of all the state regulations have been reviewed, and the rest will be by 2014. Government is working better today in Massachusetts than it has ever, and with the passage of these regulatory reforms it will be even better." - Susan Gittelman, Op Ed in Banker & Tradesman, May 6, 2013

In October 2011, Governor Patrick directed each executive agency to review its regulations and make recommendations to streamline the regulatory burden on the citizens and businesses of the Commonwealth. Of the 1,791 regulations at the start of this initiative, 1,296, or nearly three quarters, of all Massachusetts regulations have been reviewed for their efficiency. Since January 2012, 222 of the regulations have been amended or repealed. Agencies have identified an additional 206 pending regulations to amend or repeal.

Economic Development Incentive Program

The Economic Development Incentive Program fosters job creation and stimulates business growth throughout Massachusetts, offering state and local tax incentives to companies in exchange for job creation, manufacturing job retention and private investment commitments. Since the program was reformed in 2009, 175 businesses committed to creating 12,666 new jobs, retaining 38,901 jobs and spending over \$4.6 billion in private investment.

Global Engagement in Tourism and Trade

"If there's one U.S. airport punching above its weight right now, it is Boston's Logan International. Logan has landed five new international airlines over the past two years, a remarkable number considering the airport isn't a hub for a big airline with alliance partners" - Wall Street Journal, February 27, 2014

Massachusetts has identified emerging international tourism and trade markets around the world and is well-positioned to gain market share. Since 2012, Massachusetts has added five new non-stop flights from Tokyo, Panama City, Dubai, Istanbul and Beijing to Boston, while expanding service to existing routes in Shannon, Madrid, Toronto and the Dominican Republic.

Tourism is the third-largest employer in Massachusetts, supporting 126,000 jobs for residents. In 2013, visitors spent nearly \$17 billion in direct spending in the state. International travel increased by 12% in 2013, totaling over two million foreign visitors. Massachusetts Office of Travel & Tourism (MOTT) has marketing campaigns in eight international markets and in six languages.

Since 2000, Boston has seen the largest growth in convention market share of any U.S. city. In 2012, the Massachusetts Convention Center Authority (MCCA) hosted 245 events in Boston with nearly 655,000 attendees, generating over 561,000 hotel room nights and \$565 million in economic impact.

Massachusetts Top Ten Exports by Country (2013)

In 2013, Massachusetts shipped \$26.8 billion worth of merchandise around the world, an increase of 4.6% from 2012.

Rank	Country	Annual
1	Canada	\$3,680,306,902
2	China	\$1,978,108,574
3	Mexico	\$1,860,385,962
4	Germany	\$1,851,570,004
5	Japan	\$1,762,140,938

Source: Massachusetts Export Center

Rank	Country	Annual
6	Hong Kong	\$1,761,927,976
7	United Kingdom	\$1,404,248,373
8	Netherlands	\$1,290,911,572
9	Switzerland	\$1,280,687,368
10	Republic of Korea	\$902,396,681

Certain fundamental business costs can adversely affect the Commonwealth’s efforts to foster job growth and compete domestically and internationally to retain and attract jobs. By addressing these critical areas of cost, we can create a more predictable economic environment that supports the creation, growth and expansion of businesses, providing increased opportunities to all constituencies and ensuring economic sustainability for years to come.

Health Care Cost Containment

Massachusetts has slowed the average annual increase in health insurance rates for small businesses and individuals. In 2010 that increase was 16%, in 2014 it is under 2%. These reductions have saved small businesses and families hundreds of millions in premium costs while returning \$114 million in premium rebates since 2012.

In addition, new transparency measures enable health care consumers to receive from health insurers cost estimates for specific tests, procedures and office visits in advance. These measures enable consumers to shop more intelligently and lower their out-of-pocket expenses.

Energy Efficiency

“The state’s biggest utilities...have signed long-term contracts to buy wind-generated electricity at prices below the costs of most conventional sources such as coal and nuclear plants. The contracts represent the largest renewable energy purchase to be considered by state regulators at one time.” - *Boston Globe, September 23, 2013*

Massachusetts’ clean energy policies have reduced dependence on fossil fuels and produced cost-effective energy efficiency. The state’s clean tech industry continues to grow: after two years of double-digit job growth, there are now 80,000 clean energy workers at over 5,500 companies in Massachusetts.

Fiscal Responsibility

“The Patrick Administration and leaders of the Legislature have agreed to significantly boost funding for the state pension plan over the next three years and beyond, aiming to fully cover retirement obligations by 2036.” - *Boston Globe, January 15, 2014*

The Patrick Administration continues to put state government on more sound fiscal footing. The FY 2015 budget cuts the state’s use of Rainy Day funds—and, overall, the net amount of one-time resources—used to support annual spending in half from FY 2014. With this restraint and the continued investment of excess capital gains revenues in our reserves, the Rainy Day Fund will end FY 2015 at \$1.2 billion—one of the largest balances in the nation.



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